

**ELDER CARE SERVICES, INC.  
TALLAHASSEE, FLORIDA**

**DECEMBER 31, 2012  
WITH SUMMARIZED FINANCIAL  
INFORMATION FOR THE YEAR ENDED  
DECEMBER 31, 2011**



**Law, Redd, Crona & Munroe, P.A.**

## TABLE OF CONTENTS

|  | <b>Page<br/>Number</b> |
|--|------------------------|
| <b>Independent Auditor's Report</b>  | 2                      |
| <b>Financial Statements</b>  |                        |
| Statement of Financial Position  | 4                      |
| Statement of Activities  | 5                      |
| Statement of Cash Flows  | 6                      |
| Notes to Financial Statements  | 7                      |
| <b>Additional Information</b>  |                        |
| Schedule of Functional Expenses  | 20                     |
| Schedule of Expenditures of Federal Awards and State Financial Assistance  | 21                     |
| <b>Independent Auditor's Report on Internal Control over Financial Reporting<br/>and on Compliance and Other Matters Based on an Audit of Financial<br/>Statements Performed in Accordance with <i>Government Auditing Standards</i></b> | 22                     |
| <b>Independent Auditor's Report on Compliance For Each Major Program and<br/>State Project and On Internal Control Over Compliance Required by <i>OMB<br/>Circular A-133</i> and the <i>Florida Single Audit Act</i></b>                 | 24                     |
| Schedule of Findings and Questioned Costs – Federal Awards   | 27                     |
| Schedule of Findings and Questioned Costs – State Financial Assistance   | 28                     |
| Summary Schedule of Prior Audit Findings   | 29                     |



Law, Redd, Crona & Munroe, P.A.  
*Certified Public Accountants*

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Elder Care Services, Inc.  
Tallahassee, Florida

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Elder Care Services, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2012, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Elder Care Services, Inc. as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Report on Summarized Comparative Information***

We have previously audited Elder Care Services, Inc.'s 2011 financial statements, and our report dated May 17, 2012, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011, is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Other Matters***

***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations and the Florida Single Audit Act*, is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of functional expenses on page 20 is presented for purposes of additional analysis and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 11, 2013 on our consideration of Elder Care Services, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Elder Care Services, Inc.'s internal control over financial reporting and compliance.

  
LAW, REDD, CRONA & MUNROE, P.A.  
Tallahassee, Florida  
July 11, 2013

**ELDER CARE SERVICES, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2012 WITH SUMMARIZED FINANCIAL INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

|   | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>2012<br/>TOTAL</u> | <u>2011<br/>TOTAL</u> |
|---|---------------------|-----------------------------------|-----------------------------------|-----------------------|-----------------------|
|   |                     |                                   |                                   |                       | (See Note 1)          |
| <b>ASSETS</b>                           |                     |                                   |                                   |                       |                       |
| <b>CURRENT ASSETS</b>                   |                     |                                   |                                   |                       |                       |
| Cash and Cash Equivalents               | \$ 23,050           | \$ -                              | \$ -                              | \$ 23,050             | \$ 234,399            |
| Investments                             | 65,688              | 94,678                            | -                                 | 160,366               | 159,617               |
| Accounts Receivable - Grants            | 153,134             | -                                 | -                                 | 153,134               | 84,603                |
| Accounts Receivable - Medicaid          | 17,387              | -                                 | -                                 | 17,387                | 33,754                |
| Accounts Receivable - Other, Net        | 93,384              | -                                 | -                                 | 93,384                | 128,937               |
| Contributions Receivable                | 261,137             | -                                 | -                                 | 261,137               | 267,933               |
| Inventory                               | 2,782               | -                                 | -                                 | 2,782                 | 4,903                 |
| Prepaid Expenses                        | 52,433              | -                                 | -                                 | 52,433                | 93,492                |
| <b>Total Current Assets</b>             | <b>668,995</b>      | <b>94,678</b>                     | <b>-</b>                          | <b>763,673</b>        | <b>1,007,638</b>      |
| <b>NON-CURRENT ASSETS</b>               |                     |                                   |                                   |                       |                       |
| Investments                             | 474,081             | 449,321                           | -                                 | 923,402               | 805,960               |
| Investments Restricted for Endowment    | -                   | -                                 | 23,153                            | 23,153                | 23,153                |
| Perpetual Trust                         | -                   | -                                 | 28,975                            | 28,975                | 28,975                |
| <b>Total Non-Current Assets</b>         | <b>474,081</b>      | <b>449,321</b>                    | <b>52,128</b>                     | <b>975,530</b>        | <b>858,088</b>        |
| <b>PROPERTY AND EQUIPMENT, NET</b>      | <b>296,762</b>      | <b>-</b>                          | <b>-</b>                          | <b>296,762</b>        | <b>304,142</b>        |
| <b>TOTAL ASSETS</b>                     | <b>\$ 1,439,838</b> | <b>\$ 543,999</b>                 | <b>\$ 52,128</b>                  | <b>\$ 2,035,965</b>   | <b>\$ 2,169,868</b>   |
| <b>LIABILITIES AND NET ASSETS</b>       |                     |                                   |                                   |                       |                       |
| <b>CURRENT LIABILITIES</b>              |                     |                                   |                                   |                       |                       |
| Accounts Payable                        | \$ 164,008          | \$ -                              | \$ -                              | \$ 164,008            | \$ 113,137            |
| Deferred Revenue                        | 4,313               | -                                 | -                                 | 4,313                 | -                     |
| Accrued Expenses                        | -                   | -                                 | -                                 | -                     | 10,000                |
| Accrued Salaries and Vacation           | 122,506             | -                                 | -                                 | 122,506               | 115,080               |
| Current Portion of Note Payable         | 6,436               | -                                 | -                                 | 6,436                 | 5,980                 |
| <b>Total Current Liabilities</b>        | <b>297,263</b>      | <b>-</b>                          | <b>-</b>                          | <b>297,263</b>        | <b>244,197</b>        |
| <b>NON-CURRENT LIABILITIES</b>          |                     |                                   |                                   |                       |                       |
| Note Payable                            | 5,232               | -                                 | -                                 | 5,232                 | 15,699                |
| <b>Total Non-Current Liabilities</b>    | <b>5,232</b>        | <b>-</b>                          | <b>-</b>                          | <b>5,232</b>          | <b>15,699</b>         |
| <b>NET ASSETS</b>                       |                     |                                   |                                   |                       |                       |
| <b>Donor Restricted:</b>                |                     |                                   |                                   |                       |                       |
| Temporarily Restricted                  | -                   | 543,999                           | -                                 | 543,999               | 500,626               |
| Permanently Restricted                  | -                   | -                                 | 52,128                            | 52,128                | 52,128                |
| <b>Other:</b>                           |                     |                                   |                                   |                       |                       |
| Designated by the Board for Endowment   | 452,078             | -                                 | -                                 | 452,078               | 394,171               |
| Undesignated                            | 685,265             | -                                 | -                                 | 685,265               | 963,047               |
| <b>Total Net Assets</b>                 | <b>1,137,343</b>    | <b>543,999</b>                    | <b>52,128</b>                     | <b>1,733,470</b>      | <b>1,909,972</b>      |
| <b>TOTAL LIABILITIES AND NET ASSETS</b> | <b>\$ 1,439,838</b> | <b>\$ 543,999</b>                 | <b>\$ 52,128</b>                  | <b>\$ 2,035,965</b>   | <b>\$ 2,169,868</b>   |

The accompanying notes are an integral part of these financial statements.

**ELDER CARE SERVICES, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**  
**WITH SUMMARIZED FINANCIAL INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

|   | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>2012<br/>TOTAL</u> | <u>2011<br/>TOTAL</u> |
|---|---------------------|-----------------------------------|-----------------------------------|-----------------------|-----------------------|
| <b>SUPPORT AND REVENUE</b>                  |                     |                                   |                                   |                       | (See Note 1)          |
| Government Grants                           | \$ 2,088,468        | \$ -                              | \$ -                              | \$ 2,088,468          | \$ 2,052,941          |
| Medicaid                                    | 683,257             | -                                 | -                                 | 683,257               | 662,848               |
| Contributions - United Way                  | 284,033             | -                                 | -                                 | 284,033               | 280,157               |
| Contributions - Program Income              | 279,654             | -                                 | -                                 | 279,654               | 222,713               |
| Contributions - Other                       | 588,283             | 37,900                            | -                                 | 626,183               | 615,307               |
| In-Kind Contributions                       | 770                 | -                                 | -                                 | 770                   | 680                   |
| Meal Sales                                  | 211,800             | -                                 | -                                 | 211,800               | 285,263               |
| Investment Income                           | 42,782              | 61,423                            | -                                 | 104,205               | 68,877                |
| Endowment Distributions                     | 14,863              | 5,038                             | -                                 | 19,901                | -                     |
| Miscellaneous                               | 4,307               | -                                 | -                                 | 4,307                 | 3,368                 |
| <b>Total Support and Revenue</b>            | <b>4,198,217</b>    | <b>104,361</b>                    | <b>-</b>                          | <b>4,302,578</b>      | <b>4,192,154</b>      |
| <b>RELEASED FROM RESTRICTION</b>            | <b>60,988</b>       | <b>(60,988)</b>                   | <b>-</b>                          | <b>-</b>              | <b>-</b>              |
| <b>EXPENSES AND LOSSES</b>                  |                     |                                   |                                   |                       |                       |
| <b>Supporting Services and Losses</b>       |                     |                                   |                                   |                       |                       |
| General and Administrative                  | 456,733             | -                                 | -                                 | 456,733               | 414,872               |
| Fund Raising                                | 112,910             | -                                 | -                                 | 112,910               | 110,012               |
| Loss on Investments                         | -                   | -                                 | -                                 | -                     | 71,225                |
| <b>Total Supporting Services and Losses</b> | <b>569,643</b>      | <b>-</b>                          | <b>-</b>                          | <b>569,643</b>        | <b>596,109</b>        |
| <b>Program Services</b>                     |                     |                                   |                                   |                       |                       |
| Meals and Related Expense                   | 873,896             | -                                 | -                                 | 873,896               | 883,220               |
| Core Direct Services                        | 3,035,541           | -                                 | -                                 | 3,035,541             | 2,805,027             |
| <b>Total Program Services</b>               | <b>3,909,437</b>    | <b>-</b>                          | <b>-</b>                          | <b>3,909,437</b>      | <b>3,688,247</b>      |
| <b>Total Expenses and Losses</b>            | <b>4,479,080</b>    | <b>-</b>                          | <b>-</b>                          | <b>4,479,080</b>      | <b>4,284,356</b>      |
| <b>CHANGE IN NET ASSETS</b>                 | <b>(219,875)</b>    | <b>43,373</b>                     | <b>-</b>                          | <b>(176,502)</b>      | <b>(92,202)</b>       |
| <b>NET ASSETS - Beginning of Year</b>       | <b>1,357,218</b>    | <b>500,626</b>                    | <b>52,128</b>                     | <b>1,909,972</b>      | <b>2,002,174</b>      |
| <b>NET ASSETS - End of Year</b>             | <b>\$ 1,137,343</b> | <b>\$ 543,999</b>                 | <b>\$ 52,128</b>                  | <b>\$ 1,733,470</b>   | <b>\$ 1,909,972</b>   |

The accompanying notes are an integral part of these financial statements.

**ELDER CARE SERVICES, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**  
**WITH SUMMARIZED FINANCIAL INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

|   | <u>2012</u>                    | <u>2011</u>                     |
|---|--------------------------------|---------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                                |                                 |
| Change in Net Assets  | \$ (176,502)                   | \$ (92,202)                     |
| Adjustments to Reconcile Change in Net Assets To Net Cash Used in Operating Activities: |                                |                                 |
| Depreciation  | 38,543                         | 35,625                          |
| Increase (Decrease) in Allowance for Uncollectible Accounts                             | 32,142                         | (18,104)                        |
| Unrealized (Gain) Loss on Investments   | (109,346)                      | 14,927                          |
| Changes in Operating Assets and Liabilities:  |                                |                                 |
| (Increase) Decrease in Operating Assets:  |                                |                                 |
| Accounts Receivable   | (48,753)                       | 123,475                         |
| Contributions Receivable  | 6,796                          | (7,189)                         |
| Inventory   | 2,121                          | (1,274)                         |
| Prepaid Expenses  | 41,059                         | (91,086)                        |
| Increase (Decrease) in Operating Liabilities:   |                                |                                 |
| Accounts Payable  | 50,871                         | (1,738)                         |
| Deferred Revenue  | 4,313                          | -                               |
| Accrued Expenses  | (10,000)                       | 10,000                          |
| Accrued Salaries and Vacation   | 7,426                          | (5,607)                         |
| <b>Net Cash Used in Operating Activities</b>  | <u><b>(161,330)</b></u>        | <u><b>(33,173)</b></u>          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                                |                                 |
| Equipment Acquisition   | (31,163)                       | -                               |
| Purchase of Investments   | (28,746)                       | (257,198)                       |
| Redemption of Investments   | 19,901                         | 205,000                         |
| <b>Net Cash Used in Investing Activities</b>  | <u><b>(40,008)</b></u>         | <u><b>(52,198)</b></u>          |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                                |                                 |
| Principal Payments on Note Payable  | (10,011)                       | (9,581)                         |
| <b>Net Cash Used in Financing Activities</b>  | <u><b>(10,011)</b></u>         | <u><b>(9,581)</b></u>           |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>  | <b>(211,349)</b>               | <b>(94,952)</b>                 |
| <b>CASH AND CASH EQUIVALENTS - Beginning of Year</b>                                    | <u><b>234,399</b></u>          | <u><b>329,351</b></u>           |
| <b>CASH AND CASH EQUIVALENTS - End of Year</b>  | <u><u><b>\$ 23,050</b></u></u> | <u><u><b>\$ 234,399</b></u></u> |
| <b>Supplemental Data:</b>   |                                |                                 |
| Interest Paid   | <u><u><b>\$ 852</b></u></u>    | <u><u><b>\$ 1,219</b></u></u>   |
| Noncash activities:   |                                |                                 |
| Donated Services & Supplies   | <u><u><b>\$ 770</b></u></u>    | <u><u><b>\$ 680</b></u></u>     |

The accompanying notes are an integral part of these financial statements.

**ELDER CARE SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012 WITH SUMMARIZED FINANCIAL INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization:** Elder Care Services, Inc. (the Organization) is a nonprofit corporation organized under the laws of the State of Florida in December 1972, for the purpose of administering programs, services, and activities for senior citizens in northern Florida.

**Income Taxes:** The Organization is recognized as a nonprofit corporation under Section 501(c)(3) of the *Internal Revenue Code* and has not been classified as a private foundation under Section 509(a). The Organization recognizes interest and penalties related to unrecognized tax benefits in current operating expenses.

A summary of the significant accounting policies and reporting practices followed by the Organization in the preparation of its financial statements is set forth below:

**Basis of Accounting:** The financial statements of the Organization have been prepared on the accrual basis. The Organization reports information regarding its financial position and activities according to three classes of net assets (unrestricted net assets, temporarily restricted net assets and permanently restricted net assets) based on the existence or absence of donor-imposed restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

**Cash and Cash Equivalents:** Cash and cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near maturity at the date of purchase that they bear insignificant risk of value change due to changes in interest rates.

**Investments:** The Organization invests cash in excess of current working capital requirements in certificates of deposit, money market funds and the Community Foundation of North Florida, Inc. Investments are carried at fair value.



**ELDER CARE SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012 WITH SUMMARIZED FINANCIAL INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Endowment Investments:** The Organization's plan for future growth is through endowments, either donor directed or Board directed. Donations of significant size will be placed in an endowment either by deposit into an interest-bearing bank account, placed on deposit with the Community Foundation of North Florida, Inc., or by establishing a trust account. The Organization's plan for the endowments follows any donor restrictions. In the absence of donor restrictions, the plan of the Organization is to invest the gift and use any interest income generated to cover administration fees incurred and either increase the investment with the remainder of the interest generated, or use it for support of the Organization's programs. If insufficient interest is generated to cover any fees incurred, then the principal will be utilized to cover those costs. Donor restrictions or designations will result in the endowments being permanently or temporarily restricted. Board designation of endowments as restricted will be designated as temporarily restricted.

**Accounts Receivable:** Accounts receivable primarily represent amounts due for services provided by the Organization. At December 31, 2012, the Organization provided an allowance of \$130,322 for amounts considered uncollectible.

**Inventory:** Inventory consists of food and paper supplies and is valued at the lower of cost or market on a first-in, first-out basis.

**Property and Equipment:** Building, furniture and equipment acquisitions are recorded at cost if purchased, or estimated fair value if acquired by donation. Assets purchased or donated with a value of \$1,000 or more are depreciated over the estimated useful lives of the respective assets on a straight-line basis. Estimated useful lives range from ten to forty years for buildings, seven to ten years for vehicles and five to ten years for equipment. Some of the Organization's property and equipment was purchased with government funds. These assets may have legal limitations on the use of the proceeds from the disposal of such assets. However, because it is believed that the property and equipment will be held for their useful lives, all are reported as unrestricted on the statement of financial position. Expenditures for repairs and maintenance are charged to expenses as incurred.

**Accrued Leave:** The Organization compensates its employees for unused vacation leave upon termination of employment. The amount of change in accrued vacation leave for all employees from one year to the next is recorded in salaries expense during the current year.

**ELDER CARE SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012 WITH SUMMARIZED FINANCIAL INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Grants and Contracts:** The Organization performs various services under two types of contracts: cost reimbursement and purchase of service contracts. Revenues are recognized on the basis of expenses incurred for cost reimbursement contracts and on a fee for service basis for purchase of service contracts based on established unit cost rates. Amounts earned but not received are reported as accounts receivable. Amounts received but not yet earned are reported as deferred revenue.

**Net Client Service Revenue:** The Organization has an agreement with Medicaid to provide payments to the Organization on behalf of the client. Services rendered are reimbursed by Medicaid subject to specific documentation requirements. Net client service revenue is reported at the estimated net realizable amount from Medicaid for those services. Monitoring visits are conducted periodically by the Area Agency on Aging of North Florida, Inc., which can result in the recoupment of fees paid to the Organization. Monitoring visits for the year ended December 31, 2012 were conducted during September 2012.

**Donations:** Donations of goods and services are considered to be available for unrestricted purposes unless specifically restricted by the donor. Donations are recorded as revenue with a corresponding entry to expense. They are treated as in-kind contributions for meeting state and federal match requirements. Donations are used in various programs, including Meals on Wheels, Foster Grandparent, Retired Senior Volunteers, etc., and consist of personal services, the use of building space, transportation and equipment.

Only those services which create or enhance non-financial assets or require specialized skills are recognized on the Statement of Activities. All donated values are determined by estimating the cost of purchasing these services elsewhere.

**Other Revenue and Support:** Revenue from the sale of meals is recognized in the period that the service is provided. Amounts earned but not yet received are reported as accounts receivable.

**Core Direct Services:** Program services provided to the elderly clients include adult day care, case management, case aides, congregate and home-delivered meals, health support, personal care, homemaker services, respite services and transportation. Additionally, the foster grandparent, senior companion and retired senior volunteer programs are operated using senior volunteers.

**ELDER CARE SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012 WITH SUMMARIZED FINANCIAL INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Functional Allocation of Expenses:** The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The functional allocation of indirect expenses is based on estimates of time of employees involved and on percentages of assets utilized.

**Estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period, such as allowances for uncollectible accounts and depreciation, and allocation of expenses by function. Actual results could differ from those estimates.

**Comparative Data:** Comparative total data for the prior year has been presented in the accompanying financial statements and notes in order to provide an understanding of changes in the Organization's financial position and operations and is not a complete presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2011, from which the summarized information was derived.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

The Organization maintains its operating bank account at one North Florida commercial bank. In addition, they have certificates of deposit and money market funds at several North Florida commercial banks. These accounts are fully insured by the Federal Deposit Insurance Corporation (FDIC). The current FDIC limit is \$250,000 per bank, with unlimited coverage provided on certain non-interest bearing accounts on a temporary basis, effective December 31, 2010 through December 31, 2012. On December 31, 2012, the unlimited coverage provided by the Dodd-Frank Wall Street Reform and Consumer Protection Act expired. Therefore, as of January 1, 2013, the maximum coverage level reverts back to \$250,000.

**NOTE 3 – CONTRIBUTIONS RECEIVABLE**

Contributions receivable consists of \$261,137 and \$267,933 at December 31, 2012 and 2011, respectively. The total amount is due within one year.

**ELDER CARE SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012 WITH SUMMARIZED FINANCIAL INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**NOTE 4 – INVESTMENTS**

Fair Value Measurement and Disclosures Topic of the FASB Accounting Standards Codification establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the Fair Value Measurement and Disclosures Topic are described as follows:

- Level 1:* Quoted Prices in active markets for identical assets or liabilities
- Level 2:* Observable market based inputs or unobservable inputs that are corroborated by the market data.
- Level 3:* Unobservable inputs that are not corroborated by market data.

At December 31, 2012 and 2011, investments were as follows:

| <b><u>2012</u></b>                          | <b>Cost</b>         | <b>Unrealized<br/>Gains (Losses)</b> | <b>Fair<br/>Value<br/>(Level 1)</b> |
|---|---------------------|--------------------------------------|-------------------------------------|
| Certificates of deposit                     | \$ 99,058           | \$ –                                 | \$ 99,058                           |
| Money market funds                          | 61,308              | –                                    | 61,308                              |
| Total cash investments                      | <u>160,366</u>      | <u>–</u>                             | <u>160,366</u>                      |
| Community Foundation of North Florida, Inc. |                     |                                      |                                     |
| United Way endowment                        | 11,695              | 5,470                                | 17,165                              |
| Elma Patronis endowment                     | 353,576             | 84,654                               | 438,230                             |
| Elizabeth Clemons endowment                 | 360,822             | 27,692                               | 388,514                             |
| Neora G. Janssen endowment                  | 24,793              | 6,578                                | 31,371                              |
| William H. Moncrief endowment               | 12,570              | 498                                  | 13,068                              |
| Annie S. Harris endowment                   | 7,174               | 356                                  | 7,530                               |
| Lizanne Moncrief endowment                  | 7,850               | 749                                  | 8,599                               |
| James M. & Theresa A. Croteau endowment     | 18,925              | –                                    | 18,925                              |
| Total Foundation investments                | <u>797,405</u>      | <u>125,997</u>                       | <u>923,402</u>                      |
| Permanently Restricted Endowments           |                     |                                      |                                     |
| Catherine Clark Branch endowment            | 23,153              | –                                    | 23,153                              |
| Ann Kim Charitable endowment                | 28,975              | –                                    | 28,975                              |
| Total Permanently Restricted<br>Endowments  | <u>52,128</u>       | <u>–</u>                             | <u>52,128</u>                       |
| Total investments                           | <u>\$ 1,009,899</u> | <u>\$ 125,997</u>                    | <u>\$ 1,135,896</u>                 |

**ELDER CARE SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012 WITH SUMMARIZED FINANCIAL INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**NOTE 4 – INVESTMENTS (Continued)**

| <u>2011</u>                                 | <u>Cost</u>         | <u>Unrealized<br/>Gains (Losses)</u> | <u>Fair<br/>Value<br/>(Level 1)</u> |
|---|---------------------|--------------------------------------|-------------------------------------|
| Certificates of deposit                     | \$ 98,672           | \$ –                                 | \$ 98,672                           |
| Money market funds                          | 60,945              | –                                    | 60,945                              |
| Total cash investments                      | <u>159,617</u>      | <u>–</u>                             | <u>159,617</u>                      |
| Community Foundation of North Florida, Inc. |                     |                                      |                                     |
| United Way endowment                        | 10,850              | 3,320                                | 14,170                              |
| Elma Patronis endowment                     | 364,357             | 24,927                               | 389,284                             |
| Elizabeth Clemons endowment                 | 379,323             | (25,216)                             | 354,107                             |
| Neora G. Janssen endowment                  | 26,295              | 2,307                                | 28,602                              |
| William H. Moncrief endowment               | 9,273               | (750)                                | 8,523                               |
| Annie S. Harris endowment                   | 6,276               | (510)                                | 5,766                               |
| Lizanne Moncrief endowment                  | 5,589               | (81)                                 | 5,508                               |
| Total Foundation investments                | <u>801,963</u>      | <u>3,997</u>                         | <u>805,960</u>                      |
| Permanently Restricted Endowments           |                     |                                      |                                     |
| Catherine Clark Branch endowment            | 23,153              | –                                    | 23,153                              |
| Ann Kirm Charitable endowment               | 26,260              | 2,715                                | 28,975                              |
| Total Permanently Restricted<br>Endowments  | <u>49,413</u>       | <u>2,715</u>                         | <u>52,128</u>                       |
| Total investments                           | <u>\$ 1,010,993</u> | <u>\$ 6,712</u>                      | <u>\$ 1,017,705</u>                 |

Investment return is summarized as follows:

|   | <u>2012</u>       | <u>2011</u>       |
|---|-------------------|-------------------|
| Interest and dividends  | \$ 2,106          | \$ 4,414          |
| Unrealized gains on Community Foundation<br>Of North Florida, Inc.  | 142,441           | 61,748            |
| Unrealized losses on Community Foundation<br>Of North Florida, Inc. | (20,441)          | (71,225)          |
| Unrealized gain on Ann Kirm endowment                               | –                 | 2,715             |
| Endowment distributions   | (19,901)          | –                 |
| Total investment income   | <u>\$ 104,205</u> | <u>\$ (2,348)</u> |

**ELDER CARE SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012 WITH SUMMARIZED FINANCIAL INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**NOTE 5 – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31:

|                                    | <u>2012</u>       | <u>2011</u>       |
|------------------------------------|-------------------|-------------------|
| Land                               | \$ 45,152         | \$ 45,152         |
| Buildings                          | 637,099           | 637,099           |
| Vehicles                           | 129,763           | 141,484           |
| Equipment                          | 370,821           | 362,137           |
|                                    | <u>1,182,835</u>  | <u>1,185,872</u>  |
| Less: Accumulated Depreciation     | (886,073)         | (881,730)         |
| <b>Property and Equipment, Net</b> | <u>\$ 296,762</u> | <u>\$ 304,142</u> |

**NOTE 6 – NOTE PAYABLE**

The Organization reported the following note payable at December 31:

|  | <u>2012</u>     | <u>2011</u>      |
|--|-----------------|------------------|
| Mortgage note payable to Capital City Bank, payable in monthly installments of \$566, including interest at 4.375%. The note is collateralized by real property and is scheduled to mature September 2014. | \$ 11,668       | \$ 21,679        |
| Less Current Portion   | (6,436)         | (5,980)          |
| <b>Total Non-Current Note Payable</b>  | <u>\$ 5,232</u> | <u>\$ 15,699</u> |

Interest expense for the years ended December 31, 2012 and 2011 was \$852 and \$1,219, respectively.

Principal maturities on the note payable at December 31, 2012 were as follows:

| <u>Year ending December 31,</u> |                  |
|---------------------------------|------------------|
| 2013                            | \$ 6,436         |
| 2014                            | 5,232            |
| <b>Total</b>                    | <u>\$ 11,668</u> |

**ELDER CARE SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012 WITH SUMMARIZED FINANCIAL INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**NOTE 6 – NOTE PAYABLE (Continued)**

The Organization has a \$50,000 line of credit with Capital City Bank. The line of credit is collateralized by equipment, inventory and accounts receivable. Interest is payable monthly at a variable interest rate equal to the prime rate announced by J. P. Morgan Chase (3.25% on December 31, 2012) plus 1%, and any outstanding principal is due on demand. The line of credit had a zero balance at December 31, 2012.

**NOTE 7 – SUPPORT FROM GOVERNMENTAL AGENCIES**

The Organization received approximately 49% and 50% of its support from governmental grants for the years ended December 31, 2012 and 2011, respectively. Contracts are renegotiated annually. Although a maximum amount is established during the contract negotiation process, income is earned either on a cost reimbursement or performance basis; that is, income is recognized to the extent of eligible expenses incurred and/or specific units of service provided. At December 31, 2012 and 2011, the Organization recorded accounts receivable of \$153,134 and \$84,603, respectively, from governmental agencies for grants and contracts.

**NOTE 8 – IN-KIND CONTRIBUTIONS**

Following is a summary of in-kind contributions recorded by the Organization for the years ended December 31, 2012 and 2011:

|   | <u>2012</u>      | <u>2011</u>      |
|---|------------------|------------------|
| Services Provided for the Delivery of Meals on Wheels | \$332,846        | \$313,732        |
| Volunteer Meals                                       | 320              | 680              |
| Other   | 450              | 0                |
| Less: Amounts Not Included in Revenue                 | <u>(332,846)</u> | <u>(313,732)</u> |
| <b>Total In-Kind Contributions</b>                    | <u>\$ 770</u>    | <u>\$ 680</u>    |

**NOTE 9 – NET ASSETS**

***Unrestricted – Designated by the Board for Endowment:*** In 2006, the Organization received a \$655,400 unrestricted bequest from the Elizabeth Clemons Trust, which was designated by the Board for endowment and cannot be used without Board approval. The total amount available for use at December 31, 2012 was \$388,514.

**ELDER CARE SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012 WITH SUMMARIZED FINANCIAL INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**NOTE 9 – NET ASSETS (Continued)**

In 2010, the Organization received a \$26,938 unrestricted bequest from the Neora G. Janssen Trust, which was designated by the Board for endowment. The total amount available for use at December 31, 2012 was \$31,371. In 2011, the Organization established the William H. Moncrief endowment, in recognition of his service to the Organization, from donations received from contributions. The total amount available for use at December 31, 2012 was \$13,268. During the year ended December 31, 2012, the Organization established the James M. and Theresa A. Croteau endowment to provide for continuing support to serve the needs of the at-risk elderly in the community. The total amount available for use at December 31, 2012 was \$18,925. During the current year, the Organization withdrew \$14,863 in distributions from the endowments. Unrestricted-designated by the board for endowment net assets totaled \$452,078 at December 31, 2012.

***Temporarily Restricted:*** In prior years, the Organization received a \$414,355 bequest from the Elma Patronis Trust, which was designated to be used to support the Meals on Wheels program. The total amount temporarily restricted at December 31, 2012 was \$482,553.

In 2011, the Organization established the Annie S. Harris and the Lizanne Moncrief endowments from donations received from contributions. The Annie S. Harris endowment was established for the purpose of assisting seniors with regular meals, in-home services, personal care, and to provide respite for caregivers. This endowment has been designated as temporarily restricted. The amount available for use at December 31, 2012 was \$7,530. The Lizanne Moncrief endowment was established to provide continuing education of students from the college of social work and the college of nursing through interning at the Organization. This endowment has been designated as temporarily restricted. In the current year, the Organization transferred \$3,014 to this endowment from contributions received during fiscal year end December 31, 2011. The amount available for use at December 31, 2012 was \$8,599. Also during the current year, the Organization withdrew \$5,038 in distributions from the endowments, which have been released from restriction as shown on the Statement of Activities.

During the year ended December 31, 2010, the Organization received a \$35,000 contribution from the Charles A. Frueauff Foundation for the support of ten Elder Day Stay Scholarships. Of these funds, \$11,785 was spent as of December 31, 2011 and \$20,950 was spent as of December 31, 2012, which has been released from restriction as shown on the Statement of Activities. The remaining \$2,265 continues to be temporarily restricted. During the year ended December 31, 2011, the Organization received an additional \$35,000 contribution from the Charles A. Frueauff Foundation for in-home care for ten seniors. These funds have been spent as of December 31, 2012 and have been released from restriction as shown on the Statement of Activities. Also during the year ended December 31, 2012, the Organization received an additional \$35,000 contribution from the Charles A. Frueauff Foundation for the support of the Elder Day Stay Scholarships. These funds have not been spent as of December 31, 2012. Temporarily restricted net assets totaled \$543,999 at December 31, 2012.



**ELDER CARE SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012 WITH SUMMARIZED FINANCIAL INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**NOTE 9 – NET ASSETS (Continued)**

*Permanently Restricted Endowments:* Prior to 1992, a general endowment was established from various donations. In 1992, an additional donation of \$20,000 was received and the Catherine Clark Branch Endowment Fund was established. The principal shall remain intact and is not subject to withdrawals. The earnings shall be used to support programs of the Organization. The principal balance at both December 31, 2012 and 2011 was \$23,153.

In December 1997, the Ann Kirm Charitable Trust was established, naming Elder Care Services, Inc. as an income beneficiary. The trust was funded with an initial amount of \$800,000, with Elder Care Services, Inc. designated to receive five percent interest in the \$800,000. The trust is held with a third party trustee, HNB National Bank. The interest income is payable annually to support the meal program. The Organization's beneficial interest in the trust was valued at \$28,975 at both December 31, 2012 and 2011, respectively.

**NOTE 10 – RETIREMENT PLAN**

Effective December 1, 2003, employees that have worked one thousand hours or more in a year are eligible to participate in the 403(b) pension plan after completing one year of service. Contributions are made at the rate of five percent of compensation. Retirement contributions are made to the group annuity contract with Mutual of America Life Insurance Company. Retirement contribution expense for the years ended December 31, 2012 and 2011 was \$68,408 and \$82,198, respectively. At December 31, 2012 and 2011, the Organization recorded retirement payable of \$5,787 and \$5,513, respectively.

**NOTE 11 – OFFICE RENT AND LEASE AGREEMENTS**

The Organization rents office space at various locations for its Senior Volunteer programs. Rental agreements are month-to-month or for periods not exceeding a year. In August 2010, the Organization entered into a lease agreement for a two year term beginning August 1, 2010 through July 31, 2012 at an annual payment of \$42,000 for space to house the Adult Day Care program. During the year ended December 31, 2012, the lease was extended for a one-year period through July 31, 2013. Total expense for the rental of office space for the years ended December 31, 2012 and 2011 was \$56,895 and \$55,823, respectively.

**ELDER CARE SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012 WITH SUMMARIZED FINANCIAL INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**NOTE II – OFFICE RENT AND LEASE AGREEMENTS (Continued)**

The Organization leases copiers for its main administrative office and annex building. In July 2009, the Organization entered into a lease agreement for 60 months beginning on July 17, 2009 through July 17, 2014 at an annual payment of \$3,725 for the copiers. The Organization also leases a mailing machine for its main administrative office. The Organization entered into a lease agreement for 63 months beginning in July 2010 through September 2015 at an annual payment of \$900. For the years ended December 31, 2012 and 2011, equipment lease expenses were \$13,968 and \$12,193, respectively.

As of December 31, 2012, future minimum lease payments under these operating leases were as follows:

| <b>Year Ending December 31,</b> |                  |
|---------------------------------|------------------|
| 2013                            | \$ 29,125        |
| 2014                            | 2,763            |
| 2015                            | 675              |
|                                 | <u>\$ 32,563</u> |

**NOTE 12 – ENDOWMENT FUND AGREEMENTS**

During 2007, the Organization entered into several agreements with the Community Foundation of North Florida, Inc. (CFNF). CFNF is a 501(c)(3) nonprofit organization and all funds held by CFNF (including the Organization's endowment funds) are component units of CFNF, and are subject to "variance power" and are the legal property of CFNF. The Funds are subject to the Variance Power described in Treasury Reg. Sec.1.170A-9(e)(11)(v)(B)(1) of the *Internal Revenue Code of 1986*, as amended from time to time. The CFNF Board has the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to specified organizations, if in the sole judgment of the Board of Directors (without the necessity of the approval of any trustee, custodian or agent), such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the North Florida community and other areas served by the corporation. Generally accepted accounting principles require that if a community foundation accepts a contribution from an Organization, and agrees to transfer those assets, the return on investment of those assets, or both, back to the Organization, then these contributions are presented as a liability (instead of as a net asset) on the financial statements of the community foundation, and as an asset on the financial statements of the Organization. This is the case for the Organization's endowment funds. Legal ownership of the assets still remains with CFNF with a corresponding liability to the Organization, which reports the endowments on its balance sheet as well.

**ELDER CARE SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012 WITH SUMMARIZED FINANCIAL INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**NOTE 12 – ENDOWMENT FUND AGREEMENTS (Continued)**

Distributions to the Organization from these funds are based upon a spending policy adopted from year to year by the Board of Directors of CFNF. CFNF’s current spending policy is 4% of the 20-quarter average market value of the funds beginning with the last quarter of the immediately preceding year. The fair value of the endowment funds, which are designated by the board for endowment or temporarily restricted as of December 31, 2012, was as follows:

|  |                   |
|--|-------------------|
| Elder Care Services Endowment Fund           | \$ 17,165         |
| Elma W. Patronis Endowment Fund              | 438,230           |
| Elizabeth O. Clemons Endowment Fund          | 388,514           |
| Neora G. Janssen Endowment Fund              | 31,371            |
| William H. Moncrief Endowment Fund           | 13,068            |
| Annie S. Harris Endowment Fund               | 7,530             |
| Lizanne Moncrief Endowment Fund              | 8,599             |
| James M. & Theresa A. Croteau Endowment Fund | 18,925            |
| Total endowments with CFNF                   | <u>\$ 923,402</u> |

**NOTE 13 – INCOME TAXES**

For the years ended December 31, 2012 and 2011, the Organization has no unrelated business income and, accordingly, has incurred no income tax liability from unrelated business activities.

An entity must recognize the impact of uncertain tax positions in the financial statements if it is more likely than not that a tax position taken for tax return purposes will not be sustained upon examination by taxing authorities. The Organization has concluded that it has no material uncertain tax positions and, accordingly, it has not recognized any liability for unrecognized tax benefits. The Organization has filed all required tax returns in all jurisdictions in which it operates. Tax years after 2008 remain subject to examination by the applicable taxing authorities.

**NOTE 14 – EVALUATION OF SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through July 11, 2013, the date which the financial statements were available to be issued.

**ADDITIONAL INFORMATION**

**ELDER CARE SERVICES, INC.**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

|  | Program Services          |                      |                     | Supporting Services        |                   |                   | Total Expenses      |
|--|---------------------------|----------------------|---------------------|----------------------------|-------------------|-------------------|---------------------|
|  | Meals and Related Expense | Core Direct Services | Total               | General and Administrative | Fund Raising      | Total             |                     |
| Salaries                                   | \$ 236,797                | \$ 1,130,831         | \$ 1,367,628        | \$ 266,789                 | \$ 47,560         | \$ 314,349        | \$ 1,681,977        |
| Employee Health and Retirement Benefits    | 49,874                    | 258,373              | 308,247             | 36,680                     | 4,240             | 40,920            | 349,167             |
| Payroll Taxes, etc.                        | 35,732                    | 185,711              | 221,443             | 26,065                     | 4,722             | 30,787            | 252,230             |
| <b>Total Salaries and Related Expenses</b> | <b>322,403</b>            | <b>1,574,915</b>     | <b>1,897,318</b>    | <b>329,534</b>             | <b>56,522</b>     | <b>386,056</b>    | <b>2,283,374</b>    |
| Advertising                                | 92                        | 1,545                | 1,637               | 979                        | 3,822             | 4,801             | 6,438               |
| Auto Expense                               | 13,148                    | 16,344               | 29,492              | -                          | -                 | -                 | 29,492              |
| Consulting                                 | 8,331                     | -                    | 8,331               | -                          | 6,369             | 6,369             | 14,700              |
| Contract Services                          | 66                        | 145,967              | 146,033             | 6                          | 280               | 286               | 146,319             |
| Depreciation                               | 4,409                     | 1,893                | 6,302               | 32,241                     | -                 | 32,241            | 38,543              |
| Direct Services                            | -                         | 28,706               | 28,706              | -                          | -                 | -                 | 28,706              |
| Donated Services                           | -                         | 770                  | 770                 | -                          | -                 | -                 | 770                 |
| Dues and Subscriptions                     | -                         | 875                  | 875                 | 1,087                      | 620               | 1,707             | 2,582               |
| Food                                       | 400,924                   | -                    | 400,924             | 1,310                      | 6,034             | 7,344             | 408,268             |
| Food Coupons                               | -                         | 9,000                | 9,000               | -                          | -                 | -                 | 9,000               |
| Insurance                                  | 12,609                    | 29,708               | 42,317              | 956                        | 410               | 1,366             | 43,683              |
| Miscellaneous                              | 428                       | 12,158               | 12,586              | 52,930                     | -                 | 52,930            | 65,516              |
| Postage                                    | 213                       | 4,591                | 4,804               | 3,050                      | 1,301             | 4,351             | 9,155               |
| Printing and Copying                       | 2,825                     | 1,943                | 4,768               | 1,864                      | 10,523            | 12,387            | 17,155              |
| Professional Fees                          | 3,938                     | 38,004               | 41,942              | 3,820                      | 1,075             | 4,895             | 46,837              |
| Rent                                       | -                         | 49,560               | 49,560              | 3,915                      | 7,335             | 11,250            | 60,810              |
| Repairs and Maintenance                    | 15,194                    | 19,551               | 34,745              | 6,029                      | -                 | 6,029             | 40,774              |
| Supplies                                   | 74,184                    | 60,264               | 134,448             | 5,745                      | 16,455            | 22,200            | 156,648             |
| Telephone                                  | 919                       | 16,492               | 17,411              | 636                        | 69                | 705               | 18,116              |
| Training                                   | 11                        | 1,376                | 1,387               | 1,620                      | 288               | 1,908             | 3,295               |
| Travel                                     | 2,888                     | 86,467               | 89,355              | 1,227                      | 1,047             | 2,274             | 91,629              |
| Utilities                                  | 11,314                    | 42,994               | 54,308              | 2,431                      | -                 | 2,431             | 56,739              |
| Volunteer Physicals                        | -                         | -                    | -                   | 493                        | -                 | 493               | 493                 |
| Volunteer Recognition                      | -                         | 22,120               | 22,120              | 6,860                      | 760               | 7,620             | 29,740              |
| Volunteer Stipends                         | -                         | 870,298              | 870,298             | -                          | -                 | -                 | 870,298             |
| <b>Total Expenses</b>                      | <b>\$ 873,896</b>         | <b>\$ 3,035,541</b>  | <b>\$ 3,909,437</b> | <b>\$ 456,733</b>          | <b>\$ 112,910</b> | <b>\$ 569,643</b> | <b>\$ 4,479,080</b> |

See independent auditor's report.

**ELDER CARE SERVICES, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

| <u>Grantor/Pass-Through Grantor/Program Title</u>  | <u>CFDA/CSFA<br/>Number</u> | <u>Federal<br/>Grant<br/>Number</u> | <u>Pass-Through<br/>Grantor Number</u> | <u>Expenditures</u> |
|--|-----------------------------|-------------------------------------|--|---------------------|
| <b>Federal Awards</b>  |                             |                                     |  |                     |
| <b><u>U.S. Department of Agriculture</u></b>   |                             |                                     |  |                     |
| Pass-through Florida Department of Elder Affairs   |                             |                                     |  |                     |
| Food and Nutrition Services  | 10.558                      | N/A                                 | Y2008                                  | \$ 26,049           |
| Food and Nutrition Services  | 10.558                      | N/A                                 | Y3008                                  | 6,998               |
| USDA Special Nutrition Program Supplemental  | 10.576                      | N/A                                 | XQ335                                  | 9,000               |
| Pass-through Area Agency on Aging of North Florida, Inc. and Florida Department of Elder Affairs |                             |                                     |  |                     |
| Food and Cash Distribution   |                             |                                     |  |                     |
| Title III, Part C - Nutrition Services   | 93.053                      | N/A                                 | BU012-09                               | 78,506              |
| Title III, Part C - Nutrition Services   | 93.053                      | N/A                                 | BU013-09                               | 24,131              |
| <b><u>U.S. Department of Health and Human Services</u></b>                                       |                             |                                     |  |                     |
| Pass-through Area Agency on Aging of North Florida, Inc. and Florida Department of Elder Affairs |                             |                                     |  |                     |
| Title III, Part B - Supportive Centers   | 93.044                      | N/A                                 | BA112-09                               | 96,210              |
| Title III, Part C - Nutrition Centers  | 93.045                      | N/A                                 | BA112-09                               | 380,134             |
| <b><u>The Corporation for National Service</u></b>   |                             |                                     |  |                     |
| Direct Programs  |                             |                                     |  |                     |
| Senior Companion Program   | 94.016                      | 10SCSFL003                          | N/A                                    | 354,884             |
| Foster Grandparent Program   | 94.011                      | 10SFSFL003                          | N/A                                    | 544,215             |
| Retired Senior Volunteer Program   | 94.002                      | 09SRSFL001                          | N/A                                    | 4,869               |
| Retired Senior Volunteer Program   | 94.002                      | 12SRSFL005                          | N/A                                    | 90,595              |
|  |                             |                                     |  | <u>\$ 1,615,591</u> |
| <b>State Financial Assistance</b>  |                             |                                     |  |                     |
| <b><u>State of Florida Department of Elder Affairs</u></b>                                       |                             |                                     |  |                     |
| Pass-through Area Agency on Aging of North Florida, Inc.   |                             |                                     |  |                     |
| Community Care for the Elderly   | 65.010                      | N/A                                 | BC011-09                               | \$ 132,981          |
| Community Care for the Elderly   | 65.010                      | N/A                                 | BC012-09                               | 127,068             |
| Home Care for the Elderly  | 65.001                      | N/A                                 | BH011-09                               | 23,418              |
| Home Care for the Elderly  | 65.001                      | N/A                                 | BH012-09                               | 51,208              |
| Alzheimer Disease Initiative   | 65.004                      | N/A                                 | BZ011-09                               | 50,873              |
| Alzheimer Disease Initiative   | 65.004                      | N/A                                 | BZ012-09                               | 58,481              |
| Local Service Program  | 65.009                      | N/A                                 | BL011-09                               | 52,700              |
| Local Service Program  | 65.009                      | N/A                                 | BL012-09                               | 47,600              |
|  |                             |                                     |  | <u>\$ 544,329</u>   |

**NOTES:**

- (1) The Schedule of Expenditures of Federal Awards and State Financial Assistance was prepared on the accrual basis of accounting.
- (2) The programs do not utilize subrecipients.

See independent auditor's report.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors  
Elder Care Services, Inc.  
Tallahassee, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Elder Care Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 11, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Elder Care Services, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Elder Care Services, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Elder Care Services, Inc.'s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be

material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Elder Care Services, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Elder Care Services, Inc., in a separate letter dated July 11, 2013.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



LAW, REDD, CRONA & MUNROE, P.A.  
Tallahassee, Florida  
July 11, 2013





Law, Redd, Crona & Munroe, P.A.

*Certified Public Accountants*

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133  
AND THE FLORIDA SINGLE AUDIT ACT**

Board of Directors  
Elder Care Services, Inc.  
Tallahassee, Florida

**Report on Compliance for Each Major Federal Program**

We have audited Elder Care Services, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the requirements described in the *State of Florida, Department of Financial Services Compliance Supplement* that could have a direct and material effect on each of Elder Care Services, Inc.'s major federal programs and state projects for the year ended December 31, 2012. Elder Care Services, Inc.'s major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs and state projects.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Elder Care Services, Inc.'s major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and the *Florida Single Audit Act*. Those standards, *OMB Circular A-133*, and the *Florida Single Audit Act* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about Elder Care Services, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of Elder Care Services, Inc.'s compliance.

**Opinion on Each Major Federal Program and State Project**

In our opinion, Elder Care Services, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended December 31, 2012.

**Report on Internal Control Over Compliance**

Management of Elder Care Services, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Elder Care Services, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with *OMB Circular A-133* and the *Florida Single Audit Act*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Elder Care Services, Inc.'s internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Directors  
Elder Care Services, Inc.  
Page Three

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of *OMB Circular A-133* and the *Florida Single Audit Act*. Accordingly, this report is not suitable for any other purpose.

*Law Redd Crone & Munroe P.A.*  
LAW, REDD, CRONA & MUNROE, P.A.

Tallahassee, Florida  
July 11, 2013

**ELDER CARE SERVICES, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS -**  
**FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

**Section I -- Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified not considered to be material weaknesses? None

Noncompliance material to financial statements noted? No

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified not considered to be material weaknesses? None

Type of auditor's report issued on compliance for major programs? Unmodified

Any audit findings disclosed that are required to be reported in accordance with  
Circular A-133, Section .510(a)? No

Identification of major programs:

CFDA Number

Name of Federal Programs

The Corporation for National Service  
Direct Programs  
Senior Companion Program  
Foster Grandparent Program

94.016

94.011

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes

**Section II -- Financial Statement Findings**

We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Section III -- Federal Award Findings and Questioned Costs**

We noted no matters involving noncompliance that are required to be reported in accordance with *U.S. Office of Management and Budget Circular A-133*.

See independent auditor's report

**ELDER CARE SERVICES, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -  
STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**Section I -- Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:  
Significant deficiency(ies) identified? No  
Significant deficiency(ies) identified considered to be material weaknesses? None

Noncompliance material to financial statements noted? No

**State Financial Assistance Awards**

Internal control over major projects:  
Significant deficiency(ies) identified? No  
Significant deficiency(ies) identified considered to be material weaknesses? None

Type of auditor's report issued on compliance for major projects? Unmodified

Any audit findings disclosed that are required to be reported in accordance with  
*Rules of the Auditor General*, Chapter 10.654(1)(h)4? No

| Identification of major projects: | <u>CSFA Number</u> | <u>Name of State Projects</u>                            |
|-----------------------------------|--------------------|--|
|                                   |                    | State of Florida, Department of Elder Affairs            |
|                                   |                    | Pass-through Area Agency on Aging of North Florida, Inc. |
|                                   | 65.010             | Community Care for the Elderly                           |
|                                   | 65.004             | Alzheimer Disease Initiative                             |

Dollar threshold used to distinguish between Type A and Type B programs: \$163,299

Findings required to be reported in a management letter pursuant to *Rules of the Auditor General*, Chapter 10.654(1)(e)? None

**Section II -- Financial Statement Findings**

We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.  
material weaknesses.

**Section III -- State Financial Assistance Findings and Questioned Costs**

We noted no matters involving noncompliance that are required to be reported in accordance with *Rules of the Auditor General*. Chapter 10.654(1)(h)(4).

See independent auditor's report.

**ELDER CARE SERVICES, INC.  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**Federal Programs**

None

See independent auditor's report.